

Scott McCallum
Governor

Phyllis J. Dubé
Secretary



State of Wisconsin

Department of Health and Family Services

DIVISION OF HEALTH CARE FINANCING

1 WEST WILSON STREET
P O BOX 309
MADISON WI 53701-0309

Telephone: 608-266-8922
FAX: 608-266-1096
TTY: 608-261-7798
www.dhfs.state.wi.us

MEMORANDUM

DATE: December 3, 2001

TO: All In-state Wisconsin Medicaid-certified Pharmacists

FROM: Margaret Kristan, Director
Health Insurance Risk Sharing Plan (HIRSP) *Margaret Kristan*

SUBJECT: Changes in HIRSP's Drug Coinsurance Provisions and Reimbursement Rate
Effective January 1, 2002

This memo is to inform pharmacists of important changes related to the Health Insurance Risk Sharing Plan's (HIRSP) prescription drug benefit that will be effective January 1, 2002. These changes were authorized by the 2001 Wisconsin Act 16, the state's biennial budget.

New Prescription Drug Coinsurance Provisions

Effective with dates of service (DOS), on and after January 1, 2002, HIRSP policyholders will no longer be required to pay in full for their prescription drugs at the time of purchase. They will now pay only a 20 percent drug coinsurance up to a maximum of \$25 per prescription.

Pharmacies will continue to be required to submit HIRSP prescription drug claims electronically to WellPoint Pharmacy Management (WellPoint), HIRSP's pharmacy benefit manager. However, pharmacies will now receive reimbursement directly from WellPoint for prescription drug claims.

Key points regarding the prescription drug *coinsurance* provisions are summarized below. Effective for DOS on and after January 1, 2002:

1. The policyholder will present the HIRSP identification card along with the prescription to be filled.
2. The pharmacist will continue to transmit the claim electronically to WellPoint and will immediately receive the following adjudication information:
 - Eligibility status of the policyholder.
 - Information on whether the drug is covered, including quantity and brand name limitations and medical necessity determination.

- Coinsurance amount to collect from policyholder. This amount will be 20 percent of the HIRSP allowed amount up to a maximum of \$25 per prescription. Once a policyholder's drug coinsurance maximum for the calendar year has been satisfied, WellPoint will indicate to the pharmacist that coinsurance will no longer need to be collected.
- The balance due that the pharmacy will receive from WellPoint.
- A message to bill Medicare first if the policyholder has Medicare coverage. For policyholders with Medicare coverage, use the following **billing instructions for Medicare-covered drugs**:
 - a. WellPoint will send a message instructing the pharmacist to submit the claim to Medicare if the policyholder has Medicare coverage and Medicare covers the drug. Medicare must be billed first as primary payer.
 - b. The pharmacist does **not** collect HIRSP drug coinsurance from the policyholder for any Medicare-covered prescription drug.
 - c. After Medicare has issued a Medicare notice (formerly, an Explanation of Medicare Benefits), the pharmacist should attach it to a **properly completed** HIRSP Prescription Drug Reimbursement Form. Both should then be submitted to HIRSP at the address indicated on the bottom of the claim form for further payment consideration.
 - d. The pharmacy will be reimbursed for the remaining balance at 100 percent up to the HIRSP allowed amount for the drug. Since drug coinsurance is not deducted from this reimbursement, the pharmacist should not collect drug coinsurance from the policyholder.

Pharmacists may obtain copies of the HIRSP Prescription Drug Reimbursement Form from the provider forms section of the HIRSP Web site at www.dhfs.state.wi.us/hirsp/, or by contacting HIRSP Customer Service at (800) 828-4777, or (608) 221-4551.

Reimbursement Rate Changes

Effective with DOS, on and after January 1, 2002, and consistent with changes mandated in the state budget for Wisconsin Medicaid, HIRSP's reimbursement rate for certain prescription drugs will change. Specifically, the reimbursement rate for prescription drugs not on the Maximum Allowable Cost (MAC) list will be at Average Wholesale Price (AWP) less 11.25 percent. (Prior to this change, the reimbursement rate for these drugs was AWP less 10 percent).

It should be noted that HIRSP's January 1, 2002, implementation date for this rate reduction differs from Medicaid's implementation date because of HIRSP's deductible and coinsurance policy provisions. No other changes in reimbursement are being made at this time.

Key points regarding HIRSP's *reimbursement* for prescription drugs are summarized below. Effective for DOS on and after January 1, 2001:

- Drugs on WellPoint's MAC list will be reimbursed at WellPoint's MAC prices.
- Drugs not on WellPoint's MAC list will be reimbursed at AWP less 11.25 percent.
- The dispensing fee will remain at \$4.38.
- State law continues to require providers to accept the HIRSP allowed amount as payment in full for covered services rendered to HIRSP policyholders. The pricing built into WellPoint's online system will reflect the HIRSP allowed amount.

For More Information

Enclosed for your reference is a copy of "Frequently Asked Questions about HIRSP Drug Benefits," which HIRSP sent in October to policyholders.

For questions about HIRSP's drug benefits, contact HIRSP Customer Service at (800) 828-4777 or (608) 221-4551. For processing questions, contact WellPoint at (800) 222-7390.

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Enclosure

Wisconsin Health Insurance Risk Sharing Plan (HIRSP)

Frequently Asked Questions about HIRSP Drug Benefits



How are drug benefits changing?

- You will no longer pay the entire cost of your prescription up front.
- The pharmacy will charge you a 20% drug coinsurance based on the HIRSP allowed amount for drug charges up to a maximum of \$25 per prescription. HIRSP will pay the remainder of the allowed amount directly to the pharmacy. Therefore, claims for prescription drug charges will no longer appear on your monthly Explanation of Benefits (EOB).
- You will now have a drug coinsurance out-of-pocket maximum, which varies by plan, option, and level of deductible reduction for applicable policyholders. Once you have reached your drug coinsurance out-of-pocket maximum, HIRSP will pay 100% of the allowed amount for the remainder of the calendar year. Refer to the table “How to Determine Your Drug Coinsurance Out-of-Pocket Maximum” below for details.
- The amounts you pay toward prescription drugs under this benefit do not apply to medical deductible, medical coinsurance, or medical out-of-pocket maximums.

How much drug coinsurance will I pay in a year?

- The HIRSP drug coinsurance out-of-pocket maximum varies by plan, option, and level of deductible reduction for applicable policyholders. Refer to the table at right for details.
- If you qualify for deductible reductions, you will also receive reductions in your drug coinsurance out-of-pocket maximum. Your reduced drug coinsurance out-of-pocket maximum will be based on the reduced medical deductible for which you qualify.

How to Determine Your Drug Coinsurance Out-of-Pocket Maximums		
Plan	If Your Medical Deductible Is:	Your Drug Coinsurance Out-of-Pocket Maximum Is:
Plan 1, Option A	\$1,000	\$750
	\$800*	\$600
	\$700*	\$525
	\$600*	\$450
	\$500*	\$375
Plan 1, Option B	\$2,500	\$1,000
No reductions available.		
Plan 2	\$500	\$125
No reductions available.		
*HIRSP informs policyholders of reduced medical deductibles and out-of-pocket maximums each December in a policy amendment.		

- What prescription drugs does HIRSP cover?**
- HIRSP continues to cover medically necessary and appropriate drugs that are prescribed by a physician and dispensed by a pharmacist for use in the home, subject to the exclusions and limitations in Part T of your policy. Your prescription drug benefit also includes insulin and disposable medical supplies for the treatment of diabetes including, but not limited to, test strips, lancets, insulin syringes, and test solutions.
 - HIRSP reimburses for prescription drugs, including refills, based on a 34-day supply, as prescribed by your medical provider.

Does HIRSP reimburse for brand-name drugs? HIRSP's reimbursement for prescription drugs is based upon the price of the generic equivalent. However, if your provider indicates that the brand-name drug is medically necessary for you or there is no generic equivalent available, HIRSP will reimburse your pharmacy for the brand-name drug. Your pharmacist will let you know if your provider prescribed a brand-name drug and a generic equivalent is available.

- What stays the same?**
- You must show your identification card every time you have a prescription filled.
 - Your pharmacy continues to submit your claims electronically to WellPoint Pharmacy Management, HIRSP's pharmacy benefits manager.
 - Charges for prescription drugs filled by pharmacies outside the United States should be submitted on a HIRSP Policyholder Medical Claim Form to the address listed below.

What if I have questions? If you have questions after reading the enclosed information, contact Customer Service by telephone at (800) 828-4777 or (608) 221-4551 or by writing to the following address:

HIRSP
6406 Bridge Road, Suite 18
Madison, WI 53784-0018